



STATE OF WEST VIRGINIA  
OFFICE OF THE ATTORNEY GENERAL  
DARRELL V. MCGRAW, JR.  
CONSUMER PROTECTION DIVISION  
1-800-368-8808 or 304-558-8986

# Press Release

September 16, 2004

FOR IMMEDIATE RELEASE CONTACT: Norman Googel  
1-800-368-8808  
304-558-8986

**APPLIED CARD SYSTEMS AGREES TO NOTIFY ITS EMPLOYEES  
THAT ITS CONFIDENTIALITY POLICY DOES NOT PROHIBIT THEM  
FROM REPORTING VIOLATIONS OF THE LAW TO REGULATORY AGENCIES**

Attorney General Darrell McGraw announced today that his office reached an agreement with Applied Card Systems that clarifies the right of their employees to report violations of the law to regulatory agencies. The agreement resolves an emergency motion the Attorney General's office filed last week after Applied Card Systems required its Huntington office employees to sign off on a broadly-worded confidentiality policy that seemed to abridge employee's rights to speak or communicate to anyone outside the company about the practices of Applied Card Systems, including state and federal regulatory agencies. Attorney General McGraw asked the court to intervene after some employees refused to sign the document even though the company warned them they would be fired if they refused to sign the agreement.

Just before the matter was set to be heard by Kanawha Circuit Judge James Stucky yesterday, Applied Card Systems agreed to distribute the following statement to all of its West Virginia employees:

We have had a confidentiality agreement in place for years. Consistent with the Uniform Trade Secrets Act as adopted in West Virginia, it is designed to protect the company's proprietary information as well as to comply with federal regulations mandating the protection and safeguarding of customer information. It is no different from agreements used by thousands of companies in the United States and recognized by Federal and State Courts in West Virginia. At the same time, in no way does the company seek to use its right to protect its trade secrets to prevent its employees from reporting conduct that they may believe violates the law. Accordingly, our confidentiality agreement does not prohibit employees from reporting violations of the law to the appropriate governmental authorities.

Attorney General McGraw explained, "The timing and wording of the revised confidentiality agreement seemed intended to prevent any other Applied Card Systems employees from blowing the whistle on the company's alleged unlawful practices, as some 40 former employees did after the company closed its Beckley office last spring. We are pleased with Applied Card Systems' decision today to advise all of its employees, as requested by our office, that its confidentiality policy does not, and in fact it cannot, prohibit employees from reporting conduct they may believe violates the law to appropriate governmental authorities. Employees should not be forced to violate the law, or to remain silent about violations that they may observe, by the threat of firing. Employees who take a principled stand to report potential violations of consumer law, regardless of the consequences, are true heroes and are worthy of the protection of our office and the courts."

Any persons wishing to file a complaint about a consumer matter or to alert the Attorney General about unfair or deceptive practices may do so by calling the Consumer Protection Hot Line, 1-800-368-8808.

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